

## *Reading: American Trade Principles and Practice*

The United States believes in a system of open trade subject to the rule of law. Since World War II, American presidents have argued that engagement in world trade offers American producers access to large foreign markets and gives American consumers a wider choice of products to buy. More recently, America's leaders have noted that competition from foreign producers also helps keep prices down for numerous goods, thereby reducing pressures from inflation.

Americans contend that free trade benefits other nations as well. Economists have long argued that trade allows nations to concentrate on producing the goods and services they can make most efficiently—thereby increasing the overall productive capacity of the entire community of nations. What's more, Americans are convinced that trade promotes economic growth, social stability, and democracy in individual countries and that it advances world prosperity, the rule of law, and peace in international relations.

An open trading system requires that countries allow fair and nondiscriminatory access to each other's markets. To that end, the United States is willing to grant countries favorable access to its markets if they reciprocate by reducing their own trade barriers, either as part of multilateral or bilateral agreements. While efforts to liberalize trade traditionally focused on reducing tariffs and certain non-tariff barriers to trade, in recent years they have come to include other matters as well. Americans argue, for instance, that every nation's trade laws and practices should be transparent—that is, everybody should know the rules and have an equal chance to compete. The United States and members of the Organization for Economic Cooperation and Development (OECD) took a step toward greater transparency in the 1990s by agreeing to outlaw the practice of bribing foreign government officials to gain a trade advantage.

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